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NEWS RELEASE

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PSC Sets Public Meeting in Kentucky-American Water Case *Comments on proposed rate settlement taken in Lexington*

FRANKFORT, Ky. (March 30, 2009) – The Kentucky Public Service Commission (PSC) will hold a public meeting next week in Lexington to receive comments on a proposed settlement in the request for a rate increase by Kentucky-American Water Co. (KAWC).

"This meeting will allow the PSC to hear directly from the public as it prepares to decide whether to accept the settlement put forward by the company and the other parties to the case," PSC Chairman David Armstrong said.

The meeting is scheduled for:

Tuesday, April 7, 2009, 5:30 p.m. EDT

Bryan Station High School – Auditorium

201 Eastin Road, Lexington

KAWC's application, the proposed settlement and related documents are available on the PSC Web site, psc.ky.gov. The case number is 2008-00427.

KAWC had sought to increase annual revenue by about \$18.5 million, or about 31 percent. That would have increased the average monthly residential bill by about \$7.

The proposed settlement was negotiated by KAWC and the Kentucky Office of Attorney General. Other parties to the case are Community Action Council for Lexington-Fayette, Bourbon, Harrison and Nicholas Counties, Inc. and Lexington-Fayette Urban County Government.

Under the proposed settlement, KAWC would be allowed to increase annual revenue by \$10.3 million. An average residential customer would see an increase of about \$3.80 in the monthly bill.

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In its application, KAWC said it needs additional revenue to meet increased operating costs and to pay for system improvements, particularly the water treatment plant it is building on the Kentucky River in Owen County and the pipeline from that plant to Fayette County.

Persons wishing to comment on the proposed settlement may do so at the meeting. Depending on the number of people wishing to speak, the length of oral comments may be limited.

Written comments will be accepted at the meeting. Written comments also may be mailed to the PSC at P.O. Box 615, Frankfort, KY 40602, faxed to 502-564-9625 or e-mailed from the PSC Web site.

The evidentiary hearing in the case will be held at the PSC offices in Frankfort on Tuesday, April 14, beginning at 10 a.m. EDT. It will be open to the public, but there will be only limited opportunity for public comments. Written comments will be accepted through the conclusion of the hearing.

The PSC is an independent agency attached for administrative purposes to the Energy and Environment Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in Kentucky and has approximately 100 employees.

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